

Futures trading in essential commodities

458. SHRI SITARAM YECHURY: Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether parliamentary standing committee recommended against allowing the futures trading in essential commodities;
- (b) if so, the details thereof;
- (c) whether Government have initiated any action on the recommendation of the committee; and
- (d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI TASLIMUDDIN): (a) Yes, Sir.

(b) The Parliamentary Standing Committee on Food, Consumer Affairs and Public Distribution in its 17th Report has recommended that "agricultural commodity especially foodgrains including coarsegrains, pulses and sugar need not be permitted to be traded in the commodity markets including forward/future contract derivatives and options."

(c) and (d) The recommendations made by the Standing Committee are under examination. However, the Forward Markets Commission (FMC) vide letter dated 23.01.2007 has directed the three National Exchanges, namely (i) Multi Commodity Exchange of India Ltd., (ii) National Commodity & Derivatives Exchanges Ltd., (iii) National Multi Commodity Exchange of India Ltd. to delist all contracts of tur and urad and to close out all outstanding positions in all tur and urad contracts at the closing price on 23.01.2007. FMC has also stated that no further contract shall be launched without its prior approval, and permission already granted to launch contracts in urad and tur stand withdrawn.

Besides, FMC has on 27.2.2007 directed all the three National Exchanges that no new wheat and rice contracts be launched. In the letter to the Exchanges, FMC has stated that permission already granted for yet to be launched contracts stands revoked and that in respect of running contracts in these commodities no new position should be allowed to be taken. Only squaring up of positions should be allowed.